Financial bunglings in CIL

1673. SHRI ABANI ROY: Will the Minister of COAL AND MINES be pleased to state:

(a) whether the Management of Coal India Limited has spent several crores on legal expenses during the last few years and shown these spending as miscellaneous expenses in its account books;

(b) if so, the facts and details thereof;

(c) whether the financial bunglings in CIL and its subsidiaries have increased and there is no machinery to check it; and

(d) if so, the concrete steps taken by Government to check such financial bunglings in CIL?

THE MINISTER OF STATE IN THE MINISTRY OF COAL AND MINES (SHRI RAVI SHANKAR PRASAD): (a) and (b) Expenses on legal issues in CIL alone for the last 10 years from 1990-91 to 31.3.2000 have been of the order of Rs. 206.02 lakhs. If the legal expenses incurred in the other subsidiaries of CIL during the aforesaid period are also taken into account, the same will aggregate to Rs. 3059.92 lakhs. The yearly average of these expenses separately for those incurred at CIL only and also taking into account the expenses incurred in other CIL subsidiaries would be Rs. 20.60 lakhs and Rs. 305.99 lakhs respectively.

It is not true that the expenses incurred on legal issues are shown under miscellaneous expenditure. The same is shown separately in the schedule of other expenses forming part of the profit and loss account. Most of the expenditure is on account of cases filed by others, which the CIL had to contest in court.

(c) and (d) CIL and its subsidiaries have well defined accounting policies, which are in compliance with the accounting standards and commonly accepted accounting practices, relying on which the financial statements and the annual report of CIL and its subsidiaries are prepared.

Financial statements forming part of annual accounts of CIL and its subsidiaries are regularly audited by the statutory auditors as per the Companies Act, and followed up by supplementary audit by the Comptroller and Auditor General of India as required under Section 619 of Companies Act, 1956. Thus, adequate safeguards are already available against any financial bungling.